

# HOW VET ENHANCES HUMAN CAPITAL: 31 EXAMPLES

*How projects funded and supported by Reframing the Future in 2006 addressed priorities for the vocational education and training (VET) sector set by the Council of Australian Governments (COAG).*

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**Reframing  
the  
Future**

Developing Australia's VET workforce to  
implement the national training system

Reframing the Future is a major workforce development initiative of the Australian and State and Territory Government. It assists in building the capacity of the Australian vocational education and training sector to support the implementation of the the national training system and the aims of the Council of Australian Governments and its National Reform Agenda.

## Summary

During 2006, a range of organisations and practitioners in the vocational education and training (VET) sector in Australia began to address directions set by the Council of Australian Governments (COAG 2006a, 2006b) in workbased learning projects funded through Reframing the Future.

VET organisations undertook activities that assisted the achievement of the following aims of COAG:

- increased workforce productivity and participation, requiring the enhancement of human capital in Australia
- improved relationships between industry and training providers
- better services for the recognition of prior learning.

The evidence of these successes by VET organisations is provided in a report entitled *Human Capital Enhanced by VET (2007)* available from [www.reframingthefuture.net](http://www.reframingthefuture.net). The evidence is drawn from a sample of 31 of the 215 project teams managed by Reframing the Future in 2006.

## COAG and VET

At its February 2006 meeting, COAG agreed on a National Reform Agenda to help underpin Australia's future prosperity. The reform agenda will enhance the capability and contribution of the Australian people – the nation's human capital. While there are three streams of the COAG National Reform Agenda – human capital, competition and regulatory reform – the work of the VET sector is most closely related to the first of these, human capital.

An overall aim of COAG that relates closely to VET is an enhancement of the human capital in Australia, to underpin workforce productivity and participation. This document responds to this COAG focus with comments on human capital, productivity, participation, improved industry relationships and better recognition services, as well as improved human capital in the VET sector itself.

## Key findings

Key findings from the research undertaken of 2006 activities are that project teams from Reframing the Future are effectively achieving the aims of COAG, for instance by:

- enhancing the human capital of people in industries as diverse as health, arts, metals and child care
- enhancing the human capital of a range of groups, from mature aged learners to people from equity groups
- increasing workforce productivity by improving the skills of existing workers as well as the skills of young people who are at risk of disengaging from formal learning and work
- increasing workforce participation by providing training for groups whose participation in the workforce can be increased, including youth, women, mature aged people, indigenous people and people with a disability
- improving relationships between industry and providers, from a range of industries including drilling and science and the disability sector
- developing better recognition services in diverse settings, ranging from recognition services for the disadvantaged in the community, to recognition services for students and workers in regional and rural areas
- improving the human capital in VET by addressing cultural and organisational barriers to VET staff becoming more responsive.

COAG's aims in five specific areas and the responses by VET are set out below.

## COAG's aim of enhanced human capital

The COAG communiqué of 10 February 2006 noted that a healthy, skilled and motivated population is critical to workforce participation and productivity, and hence Australia's future living standards. By focusing on the outcomes needed to enhance participation and productivity, the human capital stream of reform aims to provide Australians with the opportunities and choices they need to lead active and productive lives.

COAG acknowledged at its February 2006 meeting that the human capital agenda represents an ambitious partnership. To achieve the level and breadth of progress our nation needs, all governments commit to reform across health, education and training and encouraging and supporting work. In some cases there is agreement on what should be done in general terms; in other cases, a number of diverse and innovative approaches need to be tried. COAG decided that the human capital stream of reform should focus on a robust framework for achieving the outcomes that will boost participation and productivity.

COAG agreed that human capital reform will be focused first and foremost on a limited number of outcomes. Indicative outcomes that require further detailed consideration and which relate most directly to VET:

- an increase in the proportion of young people making a smooth transition from school to work or further study;
- an increase in the proportion of adult workers who have the skills and qualifications needed to enjoy active and productive working lives; and
- encourage and support increased workforce participation among key groups.

Elaborating on the above dot points, the COAG communiqué of 10 February 2006 made the following comments:

- skills development helps realise the potential of citizens, and of the nation
- continuous and lifelong learning gives more people the tools to participate in work and underpins more successful and rewarding careers when they do so
- the transition from school to work or further study represents an important step on the path to an active and productive working life.

## How VET enhanced human capital

Enhancing the human capital of Australia requires VET practitioners to develop more responsive approaches in every industry they service, from the metals industry to the childcare industry, and for a range of different learner groups, from existing workers to new entrants to an industry. In 2006 VET practitioners effectively used mechanisms such as networks and communities of practice to assist both VET personnel and industry personnel to develop ways of up-skilling existing workers within industries as diverse as the arts industry in South Australia and the metals industry in Western Australia. For instance:

- One community of practice in Victoria focused solely on assisting mature aged people from equity groups to engage with the VET sector.
- An assessor network in the metals and manufacturing industry in Western Australia developed improved assessment tools and practices to remove barriers to the provision of skills recognition services in the metals industry.
- An industry training network in the arts industry in South Australia set out to upskill workers within that industry who have a training role, so that they and their trainees will be more productive.

Two projects that used strategic management and change management approaches to enhance human capital:

- One project in South Australia contributed to changed workforce development strategies within a health department, enabling the better integration of VET.
- The other project in Western Australia changed the culture of a Technical and Further Education (TAFE) college's child studies department, making it more responsive to the learning needs of employers and workers.

## How VET improved the human capital in its own sector

COAG's aims for human capital were outlined above. Some of the key points made were relevant to VET's own workforce, for example, many training providers, particularly TAFE institutes, are experiencing an ageing workforce, and flexible and innovative ways need to be found to encourage many VET practitioners not to retire prematurely and to embrace part-time or other arrangements.

All Australians in the workforce, including VET personnel, are encouraged to continually up skill. COAG noted that skills development helps realise the potential of citizens, and of the nation. Continuous and lifelong learning give

more people the tools to participate in work and underpins more successful and rewarding careers when they do so. VET personnel can profitably embrace skills development and lifelong learning, as can their own students.

The VET workforce is under pressure, as are all industry workforces, to become more productive. VET practitioners are under a special pressure to develop sufficient skills to assist all other workforces to increase their productivity. Different approaches were used by participants to address different challenges within their VET organisation workforces. For instance:

- Change agency skills were used in a project in Queensland to confront an entrenched teaching culture that was classroom based and inward looking.
- A teaching and learning network was formed in suburban Melbourne to give teachers the opportunity to explore alternative delivery techniques with young people.

Human capital in VET organisations was improved by project teams using a variety of methodologies:

- An industry training network in Roxby Downs, South Australia, involved participants from numerous organisations who shared an interest in improving training for rescues in the mining industry.
- Another project team in Sydney accessed information and research to help develop a capability development model for the VET workforce.
- A further project undertook skill development for VET practitioners, seeking multiple outcomes, from improved assessment strategies through to the creation of user-friendly administrative systems.

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## COAG's aim of increased productivity

COAG noted in its communiqué of February 2006 that with an ageing population, there will be relatively fewer Australians of working age in the future. To avoid putting too great a burden on those already in work, COAG believes that more Australians need to realise their potential by entering or rejoining the workforce. At the same time, in the face of intense global competition and changes in technology, COAG recognised that any reduction in workforce participation needs to be offset by improvements in the ability of the workforce and in productivity.

There are strong incentives for the VET sector to encourage people to acquire national qualifications, as reported by the Productivity Commission (2007):

Microeconomic studies of the association between education and earnings allow two inferences to be drawn regarding education and productivity. First, for every additional year of education, the earnings of an Australian worker increase by between 5.5 and 11 per cent, all other things being equal. Second, substantial increases in the wages of workers appear to accompany the attainment of post-high school formal qualifications. (p.251)

COAG (2005) is equally explicit on the value of education and training:

Workers with more education and training are more productive. By increasing the productivity of individuals, education and training also increases the productivity in the economy as a whole. (p.27)

COAG (2005) also points to indirect but important benefits of training:

Workers with higher skill levels also contribute to productivity indirectly by facilitating the introduction of new products, services, processes and technologies. (p.27)

## How VET increased productivity

Effective training increases both the individual's productivity and productivity across the whole economy. So there are strong incentives for VET providers and industry to focus on improving the impact and reach of training and the consequent up-skilling of the workforce. In the following examples project teams developed a greater focus on the positive impacts of training in industry, their local community or enterprises:

- A change agent in Victoria worked within his Information and Communication Technology (ICT) industry to persuade personnel of the benefits of accredited training.
- A project convener of a skills development project in South Australia – working across state borders in her national enterprise Registered Training Organisation (RTO) in the transport industry – successfully persuaded her colleagues of the merit of continuous learning, to create career pathways for staff.

- A community of practice in the Australian Capital Territory improved approaches to the training of enrolled nurses, with the long-term view of improving the performance and employment opportunities of enrolled nurses.
- A Victorian based project from the sub-program on applying information and research concentrated on improving the productivity of learners by fostering the acquisition of employability skills.
- A community of practice involving stakeholders from across New South Wales set out to improve the skill and therefore the productivity of young people who were at risk of disengaging from formal learning and work.

## COAG's aim of increased participation in the workforce

In its communiqué of 10 February 2006, COAG noted that, with a declining proportion of the population being of working age, and with the premium for skilled workers increasing, Australia needs to increase the proportion of adults who have the skills and qualifications needed to enjoy active and productive working lives.

In relation to VET, the most specific section of the communiqué released on 14 July 2006 was Appendix D, which summarised human capital indicative outcomes and the associated progress measures. Some excerpts follow:

- The first indicative outcome is to reduce the proportion of the working age population not participating and/or under-participating in paid employment due to illness, injury or disability.
- A second indicative outcome is to increase the proportion of adults who have the skills and qualifications needed to enjoy active and productive working lives.
- A third indicative outcome is to improve overall workforce participation, with a particular focus on income support recipients, the mature aged and women, in a manner consistent with the long term interests of the individual and the economy, giving due regard to productivity.
- A fourth indicative outcome was the increased provision of flexible working arrangements within the workforce, in a manner consistent with the long term interests of the individual and the economy.

Most of these outcomes are assisted by the efforts of the five projects described below.

### *How VET increased participation in the workforce*

COAG aims to reduce the proportion of people not participating or under participating in the workforce due to illness, injury or disability and to improve overall workforce participation for mature aged people. Numerous Reframing the Future projects addressed this COAG aim of increasing workforce participation. These projects involved the provision of training for groups whose participation in the workforce can be increased, including youth, women, mature aged people, indigenous people and people with a disability.

The focus of many Reframing the Future projects in 2006 was on increasing people's opportunities. For example:

- Change agent projects focused on increasing the participation of two different groups of people: people with a disability in Tasmania and people for whom English is a second language in Macquarie Fields, Sydney.
- An industry training network project facilitated from Adelaide in a national not-for-profit organisation, examined opportunities to create a more diverse workforce by adapting to the needs of mature aged employees and people wanting to work more flexible hours.
- A strategic and change management project focused on changing a provider's approach so that it catered better for the training needs and employment prospects of indigenous people in remote far-west Western Australia.

COAG places an emphasis on assisting school students to identify and access pathways to further learning. A strategic management and change management project in Melbourne involved a VET provider collaborating with a school, with the overall goal of improving the transition of school students from school to VET. The achievement of this goal was assisted by the VET practitioners and school staff understanding each others' curricula and systems.

## COAG's aim of improved industry relationships

While governments agreed to tackle some of the obstacles within the system of government, COAG noted in its February 2006 communiqué that industry also has a critical role to play in creating solutions. Many of the COAG initiatives require industry involvement and support, such as the agreement to allow apprentices and trainees to work as qualified tradesmen and tradeswomen as soon as they have demonstrated competency to industry standards.

Industry, providers, regulators and other stakeholders were called upon by COAG to ensure that a streamlined, nationally-consistent system is achieved without increased regulation, while also meeting the commitment to quality standards, including public and worker safety. To ensure and assure the quality of outcomes from the training system, COAG agreed in February 2006 to accelerate the introduction of a national outcomes-based auditing model and stronger outcomes-based quality standards for registered training organisations, in consultation with key parties including employers, regulators and unions. In seeking a more flexible and responsive training system, COAG seeks the collaboration of all stakeholders.

### *How VET improved relationships with industry*

Many projects addressed the COAG aim of improving the relationship between industry and providers. Improving industry relationships with VET involves different challenges in different industries. For example, where an industry has traditionally not engaged with VET, the challenges are pronounced. Where an industry involves disparate stakeholders, the challenges are heightened.

Five projects that involved both industry and providers were as follows:

- Two change agency projects addressed the challenge of persuading industries which do not have a history of engaging with VET to embrace the advantages of such engagement. The change agents were based in Sydney and Armidale, New South Wales and worked with the drilling and disability industries.
- Two industry training networks were formed for quite different reasons. One in Perth focused on the science industry and developed improved understandings between industry, VET and schools. The other network deliberately involved representatives from different industries in Tasmania and South Australia, where there are common interests such as frontline management.
- A teaching and learning network was formed that took advantage of the impending release of the Information and Communications Technology Training Package. This was taken as an ideal opportunity for VET providers to network with ICT industry representatives in two states.

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## COAG's aim of better recognition services

In its communiqué of 10 February 2006, COAG agreed that, to further assist in meeting skills shortages, new arrangements would make it easier for migrants with skills to Australian standards to work as soon as they reach Australia. Additionally, a new streamlined and robust off-shore skills assessment process, to Australian standards, will be put in place in the five main source countries for our skilled migrants, initially for skills shortage trades and later for other occupations in the skilled migration program.

This will be mirrored by a parallel on-shore assessment arrangement for those who are living in Australia and want skills achieved overseas recognised, and provisional licensing so that people with recognised overseas qualifications can work under supervision for short periods, while they complete licensing requirements.

To make the most of existing skills in the workforce, COAG agreed that a better process to recognise the existing skills of all people entering training will be introduced, so that workers do not have to repeat or undertake training for skills they have already acquired on the job. New funding to be agreed between the Commonwealth and States and Territories on a bilateral basis will be provided for three years to help training organisations and assessment centres establish or improve recognition processes.

### *How VET developed better recognition services*

One of COAG's aims is the development of better recognition services. Developing improved recognition services is a major undertaking, as it may mean addressing cultural blockages among practitioners as well as requiring the development of new resources and organisational processes. Cultural blockages were addressed by the following three projects:





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